

Circular No. 13/2025

F. No. 275/09/2025-IT(Budget)

Government of India/(भारत सरकार)

Ministry of Finance/ (वित्त मंत्रालय)

Department of Revenue/(राजस्व विभाग)

Central Board of Direct Taxes/(केन्द्रीय प्रत्यक्ष कर बोर्ड)

New Delhi, 19th September, 2025

Subject: Order under section 119 of the Income-tax Act, 1961 for waiver of interest payable under section 220(2) due to late payment of demand, in certain cases - reg.

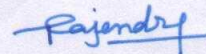
The provisions of section 115BAC(1A) of the Income-tax Act, 1961 ('the Act') are subject to the other provisions of Chapter XII of the Act. Therefore, incomes chargeable to tax at special rates as specified under various provisions of Chapter XII of the Act are not included while determining the chargeability to tax under section 115BAC(1A) of the Act. Further, the clause (b) of proviso to section 87A is applicable to incomes chargeable to tax under section 115BAC(1A) of the Act.

2. It is noticed that in certain cases, the returns had already been processed and rebate was allowed under section 87A of the Act on incomes chargeable to tax at special rates. In such cases, rectifications have to be carried out to disallow such rebate, which has been incorrectly allowed. Such rectifications will result in demands getting raised. If the payments of such demands raised are delayed then the same are liable for charging of interest under section 220(2) of the Act.

3. In order to mitigate the genuine hardship arising to such taxpayers on account of interest payable under section 220(2) of the Act, the Central Board of Direct Taxes ('the Board'), in exercise of its powers conferred under section 119 of the Act, directs that the interest payable under section 220(2) of the Act shall be waived in such cases where the payment of the demands raised, is made on or before 31.12.2025.

4. In such cases, if a taxpayer fails to pay the demand raised as a result of rectification order passed by the CPC on or before 31.12.2025, the interest shall be charged under section 220(2) of the Act from the day immediately following the end of the period mentioned in sub-section (1) of section 220 of the Act.

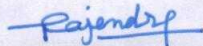
5. Hindi version shall follow.



(Rajendra Kumar Meena)
Under Secretary, IT-Budget
CBDT

Copy to:-

1. The Chairman & Members, CBDT
2. All Pr.CCsIT, CCsIT/ DGsIT.
3. All Joint Secretaries/CsIT, CBDT.
4. Commissioner of Income-tax (Media & TP) and official Spokesperson, CBDT, New Delhi.
5. ADG (PR, P&P) for necessary action.
6. JCIT, Database Cell, with a request to upload the order on the website www.irsofficersonline.gov.in.
7. Web Manager, O/o DGIT(Systems) with request to upload on the departmental website of www.incometaxindia.gov.in.
8. The Institute of Chartered Accountants of India, IP Estate, New Delhi
9. All Chambers of Commerce.
10. Hindi Cell for translation.
11. The Guard File.


(Rajendra Kumar Meena)
Under Secretary, IT-Budget
CBDT